

RJS NOTES FROM 5/3/2024 CALL WITH PAUL CALDWELL

Summary

Action Items

- Paul Caldwell to review and provide details from deal notes regarding any reference to the confidential settlement agreement and other related inquiries to RJ Shannon.
- RJ Shannon to coordinate with Hilco regarding potential outreach to Paul Caldwell concerning real estate opportunities.

Key Decisions/Discussions

- RJ Shannon and Paul Caldwell discussed the Galleria 2425 bankruptcy case and the need to investigate the claims involving National Bank of Kuwait and the alleged breach of the confidential settlement agreement.
- Paul Caldwell mentioned he was unaware of the specifics of the settlement agreement and would check his deal notes for any pertinent information.

Notes and Observations

- Paul Caldwell expressed that he had no recollection of being informed about the confidential settlement agreement which allegedly influenced negotiations concerning the property at 2425 West Loop South.
- Paul Caldwell recapped the discourse over historical negotiations and due diligence processes related to past property dealings, emphasizing that any signed agreement was never achieved due to various complications.
- The conversation included references to the bankruptcy sale, with Paul Caldwell affirming understanding of the process due to prior experiences with distressed assets.
- There was an ongoing discussion regarding potential participation in the upcoming auction, with National Bank of Kuwait placing a credit bid discussed as a baseline for other offers.
- RJ Shannon requested that any findings from Paul's review of deal notes be shared, highlighting the importance of this information for managing the case effectively.

Minutes of Discussion

Paul Caldwell and RJ Shannon exchange greetings

- Paul Caldwell asks RJ Shannon how he is.
- Both express that they are doing well.

Discussion on a bankruptcy case

- RJ Shannon mentions he is representing the chapter 11 trustee in the Galleria 2425 bankruptcy case.

- Paul Caldwell is currently in New York and recently exited another meeting.

Discussion on allegations and a settlement

- RJ Shannon addresses allegations involving prior negotiations for property at 2425 West Loop South.
- Main concern is over a confidential settlement agreement where terms were allegedly leaked by someone from NBK, influencing Paul's withdrawal from negotiations.

Clarification on the Galleria case letter of intent

- Paul Caldwell acknowledges receiving an email about the Galleria case, clarifying that he was not aware of the bankruptcy case until the email.
- It's mentioned that Paul Caldwell's company provided 2425 Galleria with a of intent but it was never signed.

Details on a litigation case mentioned

- Paul Caldwell mentions a case involving a company being declared in default by the Bank of Kuwait.
- The situation involves complex litigation processes which are described as messy.

Discussion about the Letter of Intent (LOI) issued

- An LOI was issued after due diligence which included preconditions and representations warranties expected.
- Paul Caldwell indicates that 2425 Galleria couldn't perform as required, and moving forward without compliance was not an option for Paul's company.

Caldwell Soames reached out over potential declaration of default while attempting diligence

- Paul Caldwell described ongoing communications with the law firm representing the Bank of Kuwait.
- Dialogue involved an attempt to negotiate time for due diligence concerning acquisition in light of potential default by Galleria 2425.

Issue regarding knowledge of a settlement agreement

- Paul Caldwell clarifies he was not informed about details of a settlement agreement from NBK.
- Paul Caldwell indicates confusion and lack of communication about the settlement agreement.
- RJ Shannon requests that Paul Caldwell check emails regarding confidential settlement discussions as an important follow-up.

Clarification on involvement and knowledge of past discussions

- Paul Caldwell clarifies he is not aware of any outcomes or discussions related to previous topics mentioned.
- The deal with Galleria 2425 was passed on due to complications and lack of resolution.

Communication plans between RJ Shannon and Paul

- Paul Caldwell plans to check emails during his flight and provide updates.
- RJ Shannon uses Google Voice for privacy, avoids sharing his actual cell phone number.

Communication regarding Bank of Kuwait

- RJ Shannon only recalls communicating with the Pillsbury law firm concerning the Bank of Kuwait.
- Mentions potential conflict of interest due to Pillsbury representing NBK.

Communications with Pillsbury

- Paul Caldwell indicates that the lawyers he was in contact with were ones that he has never spoken to before.
- RJ Shannon asks if it was Charles Conrad.
- Paul Caldwell indicates that he needs to confirm details on his phone. Goes through various emails from February 2023.

Scheduling follow-up discussions

- Paul Caldwell and RJ Shannon mention availability for further discussions next week.
- Mention of a call set up by Jennifer on February 9th and a follow-up call on February 13th.

Paul Caldwell reaffirms no communication about Bank of Kuwait settlement

- Paul Caldwell confirms he never had conversations or received emails regarding a specific settlement agreement with the Bank of Kuwait.
- Stresses the absence of documentation or written communication sent to him.

Paul Caldwell discusses his record-keeping and upcoming reviews

- Paul Caldwell mentions his meticulous record-keeping, specifically deal and transaction notes.
- Plans to review his notes regarding conversations with Ali Choudhri and his lawyers.
- Aims to verify details about possible existing settlements or other missed details.
- Recalls a conversation with Choudhri in February 2023 about the bank's status regarding declaring a default.

Paul Caldwell revisits discussion on settlement agreement timeline

- Paul Caldwell reiterates that his discussions were prior to any settlement agreement, emphasizing no knowledge of settlements being reached at that time.
- Mentions a need to review client data from a specific period, specifically referring to date and events preceding a likely 8-day window in February 2023.

Discussion on obtaining emails pertaining to NBK and Pillsbury

- RJ Shannon indicates that the relevant emails can be obtained from NBK and Pillsbury regarding the case, excepting any privileged emails regarding other matters.
- Emphasis on reviewing only non-privileged emails and ensuring sensitive information remains confidential.

Discussion on the disposition of assets

- RJ Shannon discusses his role in representing the Trustee.
- There is a mention of a potential sale and questions about the logistics of this disposition, including whether it involves a stalking horse bidder.

Confirmation of an auction in June

- RJ Shannon confirms the trustee's job includes administering the case, and they have just received approval for an auction of the property.
- An email about the auction was sent, blind copying all parties previously interested in the property.

Details on credit bidding by National Bank of Kuwait

- June 14th is set for qualified bids and June 18th for the auction.
- The National Bank of Kuwait is performing a credit bid of approximately \$18,700,000, but effectively closer to 22 million due to tax liens. This provides a floor to prevent unfavorable outcomes.

Speculation on the Bank of Kuwait's credit bid

- Discussion about a previous offer made in 2023 which was contingent on due diligence that wasn't completed.
- Speculation that the Bank of Kuwait wouldn't increase their credit bid over the cash amount of the prior offer.

Discussion on previous bids and future negotiation strategy

- RJ Shannon discusses previous bid amounts of Caldwell Soames, mentioning \$35,000,000 cash and a \$40,000,000 note.

- Suggests that just the cash amount could likely secure a deal and acknowledges the need to review all documents and no guarantees.

Paul Caldwell reviewing emails

- Paul Caldwell states he will check all current emails to explore opportunities for bidding on the building.
- Expresses a liking for the space but also concerns about forward costs.

Discussion on relationship with Bill Perry and distressed assets

- Paul Caldwell mentions their relationship with Pillsbury in the context of acquiring distressed assets.
- RJ Shannon mentions a court order might simplify processes and reduce costs.
- Indicates that real estate brokers such as Hilco might reach out or need to be contacted regarding these assets.

Commitment to review past event implications

- Paul Caldwell commits to reviewing implications of past events based on current realities.
- Plans to touch base with RJ Shannon early to mid next week regarding his findings.